

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Curt Hébert, Jr., Chairman;
William L. Massey, Linda Breathitt,
Pat Wood, III and Nora Mead Brownell.

Reporting of Natural Gas Sales
To the California Market

Docket No. RM01-9-000

ORDER IMPOSING REPORTING REQUIREMENT
ON NATURAL GAS SALES TO CALIFORNIA MARKET

(Issued July 25, 2001)

On May 18, 2001, the Commission issued an order (May 18 order) proposing to impose a reporting requirement on natural gas sellers and transporters serving the California market.¹ The specific information that the Commission proposed to collect was set forth in a series of questions included as an appendix to the order. The May 18 order requested comments on the proposal. Twenty-nine responses were filed. The parties filing comments are set forth in Attachment 1. Some commenters who support the proposal also seek to broaden the scope of information gathered. Other commenters raise a number of issues, such as the extent of the Commission's authority to collect the information, the period the information is to be collected, and a greater assurance that certain information, particularly the data on individual transactions, will not be disclosed to the public. In addition, some commenters urge clarification of a number of the questions.

In this order, the Commission concludes that it has the authority to request the information set forth in the May 18 order, and that the filing of such information by the entities identified in this order is necessary for the Commission to understand why the disparity in the price of natural gas arose in California relative to the remainder of the country and in doing so discharge our statutory responsibilities. Consequently, the order requires sellers and transporters of natural gas serving the California market to submit the information specified in this order. The information is to be submitted monthly for the six-month period covering August 1, 2001, through January 31, 2002, with the intention to extend the reporting requirement, upon approval by the Office of Management and Budget, through September 30, 2002, to coincide with the end date of the Commission's mitigation plan regarding

¹95 FERC ¶ 61,262 (2001).

wholesale electricity prices in California and the West.² In addition, as discussed in this order, the Commission concludes that the specific information gas sellers and local distribution companies (LDCs) are required to report concerning their purchase and sales transactions is exempt from disclosure under the Freedom of Information Act (FOIA). Furthermore, the Commission will permit respondents to request privileged treatment of other portions of their responses subject to the procedures in section 388.112 of the Commission's regulations regarding disclosure of information covered by any such request for privileged treatment. In addition, in response to the comments received, we have modified certain of the proposed questions. The revised questions together with the format for reporting are set forth in the appendix to this order.

Background

The May 18 order discussed our concern about a sharp increase in the price of natural gas sold in the California market, which has exceeded the increase in other markets. The Commission pointed out that the price for gas at various points on the southern California border remained higher than those in any other market in the United States, including those markets that are supplied by the same producing areas. The Commission stated that it did not currently have reliable information concerning the percentage of gas moving into the California market that is actually priced at the high spot market prices reported at the California borders.

The May 18 order noted that the increase in the price of natural gas in California was the focus of a number of complaints. Among the actions the complainants sought were (1) reimposing price-caps for short-term releases of capacity for service to the California border and to points of interconnection between interstate pipelines and California local distribution companies (LDCs),³ (2) requiring sellers to state separately the transportation and commodity components of bundled rates for sales at these points⁴ and (3) setting a benchmark price for natural gas throughout the United States.⁵ Moreover, the complaints generally asserted that the high price for natural gas in the California market is a factor contributing to the current high cost of electric power in California.

The May 18 order stated that while the relatively high prices for natural gas in California were a matter of serious concern, the Commission's legal authority to take actions that would affect those

²See San Diego Gas & Electric Company, et al., 95 FERC ¶ 61,418 (2001).

³Docket No. RP01-180-000, filed by San Diego Gas and Electric Company (SDG&E), and Docket No. RP01-222-000, filed by The Los Angeles Department of Water and Power.

⁴Docket No. RP01-180-000.

⁵Docket No. RP01-223-000, filed by the National Association of Gas Consumers.

prices is limited by the existing statutory framework. The Commission does have jurisdiction under the Natural Gas Act (NGA) to regulate the transportation of natural gas by interstate pipelines, and to issue certificates for the construction of new interstate pipelines. However, the Commission's jurisdiction to regulate the prices charged by sellers of natural gas is limited by the Natural Gas Policy Act of 1978 (NGPA), and Congress' subsequent enactment of the Natural Gas Wellhead Decontrol Act of 1989. The May 18 order found that the end result of these statutory provisions is that the only sales of natural gas that the Commission currently has jurisdiction to regulate are sales for resale of domestic gas by pipelines, LDCs, or their affiliates.⁶

Within this framework, and in order to help the Commission understand why the disparity in the price of natural gas had occurred in California and continues to exist, the Commission proposed to collect information from sellers of natural gas to the California market, and from interstate pipelines and LDCs serving the California market. The information proposed to be reported included data relating to the volumes and prices of sales to the California market including transportation rates, the daily operational capacity of pipelines to and in the California market, and the actual volumes flowing to and in California, and the gas sales and the transportation requirements of California LDCs.

The May 18 order stated that this information should assist the Commission in carrying out its regulatory responsibilities. First, it would help the Commission determine what part of the problem, if any, is within the scope of its jurisdiction. For example, the information to be collected concerning sales should enable the Commission to determine what percentage of the volumes sold into the California market is domestically produced gas sold by marketers affiliated with pipelines and LDCs in sales for resales, which are the only sales of natural gas now being made that the Commission has jurisdiction to regulate.⁷ The information proposed to be collected would also give the Commission an accurate picture of the overall average gas costs being incurred by all purchasers of natural gas moving into the California market.

The Commission also stated that the information to be collected would enable it to determine the extent to which the cost of interstate transportation, which is subject to the Commission's jurisdiction, affects the price of the gas commodity at the California border. Currently, the Commission establishes maximum rates for interstate transportation, with the exception of negotiated rates and short-term capacity releases for which maximum rates have been waived until September 30, 2002.

The order proposed that respondents submit the information to the Commission on a quarterly basis, within thirty days after the end of the quarter. The Commission indicated that it would aggregate

⁶Also, under NGPA section 2 (21) (B), sales by those entities of their own production are excluded from the Commission's jurisdiction.

⁷For the most part, interstate pipelines no longer sell natural gas.

the data submitted and analyze it promptly. The Commission would then determine, what action, if any, is warranted.⁸

The order provided for comments on the proposed reporting requirement within thirty days of the date of issuance of the order, and stated that after receipt of the comments, the Commission would determine whether to proceed with the proposed reporting requirement.

Discussion

As indicated in the May 18 order and as discussed below, we find that it is necessary to collect the information set forth in the Appendix in order for the Commission to acquire a better understanding of how the California natural gas market functions in light of the fact that the price of natural gas in the California market has, for substantial periods, been higher than the price in other markets and trading hubs throughout the country. The Commission is also concerned about the operation of the California natural gas market since gas-fired electric generators in California help to establish the market clearing price for electric generation pursuant to the bidding system used by the California Independent System Operator.⁹

In determining the appropriate amount of information and the period over which to gather such information, the Commission has reviewed the comments filed in this proceeding. The issues raised by commenters are addressed below. Upon consideration of the comments, the Commission will modify certain questions from those proposed in the May 18 order and will collect the information for a limited period. As discussed more fully below, the Commission finds that it has the authority to request the information it seeks from all entities, including non-jurisdictional parties.

1. Commission Authority to Request Information

The May 18 order stated that "the Commission recognizes that certain entities that will be required to respond to the data requests may not be natural gas companies subject to the Commission's

⁸Because the Commission would want to receive the information as soon as possible, the order stated that the Commission, pursuant to 5 CFR 1320.13 (2000), would request the Office of Management and Budget for emergency processing of the proposed collection of information.

⁹See San Diego Gas & Electric Co. et al., 95 FERC ¶ 61,418 (2001), establishing a price mitigation plan for Western Systems Coordinating Council (WSSC) area, including California.

NGA section 1 jurisdiction." ¹⁰ Nevertheless, the order stated that the Commission has the authority to seek the information from those entities under NGA sections 14 and 16. ¹¹ The Commission held that section 14 authorizes the Commission to collect information from participants in the natural gas market without limiting the persons from whom information may be sought to "natural gas companies" subject to the Commission's jurisdiction. The Commission also relied on the fact that section 14 authorizes the Commission to obtain information in connection with recommending legislation, stating such information could include matters currently outside the Commission's jurisdiction. In addition the order referred to NGA section 16, which grants the Commission "power to perform any and all acts ... as it may find necessary or appropriate to carry out the provisions of this act." The order stated that the Commission must have an overall picture of what is occurring in the California market in order to determine the potential effectiveness of actions it may take within the scope of its jurisdiction. Only by collecting information concerning all California sales could the Commission obtain the overall picture and feel confident that any actions it might take within its limited jurisdiction would have the intended consequences.

A number of commenters question the Commission's conclusion that together, NGA sections 14 and 16 empower the Commission with the authority to require a non-jurisdictional entity to furnish the Commission with information that the Commission needs to carry out its functions. Commenters raising the jurisdictional issue point out that section 311 of the Federal Power Act (FPA)¹² specifically authorizes the Commission to investigate non-jurisdictional transactions, while the NGA does not include such specific language. Nevertheless, some of the commenters state that they are agreeable to the reporting requirement in this case subject to conditions, including a guarantee of confidential

¹⁰95 FERC at 61,930.

¹¹Section 14(a) provides:

The Commission may investigate any facts, conditions, practices, or matters which it may find necessary or proper in order to determine whether any person has violated or is about to violate any provision of [the NGA] or any rule, regulation, or order hereunder, or to aid in the enforcement of the provisions of this act or in prescribing rules or regulations thereunder, or in obtaining information to serve as a basis for recommending further legislation to the Congress.

¹² 16 U.S.C. § 825j. That section provides, in part, that "the Commission is authorized and directed to conduct investigations regarding... electric energy, however produced, throughout the United States,... whether or not subject to the jurisdiction of the Commission...."

treatment and a sunset date, but the commenters assert that they are not waiving their right to object to the Commission's action over non-jurisdictional first sales.¹³

The Commission finds that it has the authority to obtain the information requested from all entities. As discussed below the Commission is establishing the reporting requirement for a limited time period, and for the purpose of investigating a specific problem that is a matter of urgent concern both to it and the Congress.

Among other things, NGA section 14 allows the Commission to seek information "to aid in prescribing rules and regulations" necessary to carry out its responsibilities under the NGA. The May 18 order stated that a number of complaints have been filed seeking relief from the high cost of natural gas in the California market, and in those complaints it was also alleged that the high price of natural gas in California is a factor contributing to the high cost of electric power in California. The Commission needs the information it is seeking through this reporting requirement to determine what actions it can and should take with respect to the current problem involving the high price of natural gas in California, which would include changes in the Commission's existing rules and regulations. The Commission explained in the May 18 order that:

In this case, the Commission must have an overall picture of what is occurring in the California market in order to determine the potential effectiveness of actions within the Commission's jurisdiction. Only by collecting information concerning all California sales can the Commission obtain the overall picture and feel confident that any actions it might take would have the intended consequences.

The information obtained would permit the Commission to determine the extent to which the high price of natural gas in the California market involves a matter over which the Commission has jurisdiction.¹⁴ For example, if any revised rules the Commission adopted would apply only to a small amount of the of natural gas sales in the California market, the efficacy of those orders would be of limited value.

NGA section 14 also authorizes the Commission to seek information "to serve as a basis for recommending further legislation to the Congress..." The information being sought would be relevant in determining the effect of legislative proposals addressing the current situation. In the current session of

¹³See, e.g., Comment of Indicated Shippers, Pan Alberta Gas Ltd., et al.

¹⁴No commenter has questioned the Commission's holding that the only sales it now has jurisdiction to regulate are sales for resale of domestic gas by pipelines, LDCs, and their affiliates.

Congress, a number of bills have been proposed to deal with the situation in California.¹⁵ The information would also help the Commission respond to questions from Congress concerning the natural gas price issue in California. For example, the Commission has received requests from legislators to investigate the "exorbitant rise in natural gas prices in California,"¹⁶ and for the

Commission to end the suspension of the price cap on short term release transactions for sales to the California market.¹⁷

In this case there is a clear need for the information being sought and which is not otherwise available from other sources or other means. Furthermore, the information request is to address a specific problem – a problem which requires immediate attention. Accordingly, under the urgent and unique circumstances presented, the Commission finds that it has the authority to require non-jurisdictional entities to furnish the requested information. However, to minimize the burden on respondents and as discussed more fully below, the information will be collected for the minimum period necessary to inform the Commission regarding transactions affecting the price of natural gas in the California market.

Section 311 of the Federal Power Act (FPA) is an additional source of authority for adopting these reporting requirements. On June 19, 2001, the Commission issued an order involving price mitigation for the California power markets.¹⁸ Under that mitigation plan, generators' price bids during reserve emergencies must reflect the marginal cost of obtaining natural gas used for generation. That number is derived using an average of the mid-point of the monthly bid-week prices at certain reported California natural gas market price points. Thus, the price for electric power would be dependent, to some extent, on the price of natural gas at certain California market points.

Under these circumstances, not only is the Commission's NGA section 14 and 16 authority applicable, but FPA section 311 also applies. That section authorizes the Commission, "as a basis for recommending legislation," to request information "regarding the generation...of electric energy, however produced... whether or not subject to the jurisdiction of the Commission..." As a result the

¹⁵See e.g. S. 764, and H.R. 1974 which would instruct the Commission to require natural gas sellers of bundled sales to the California market to disclose the commodity portion and the transportation portion of the sale price.

¹⁶See letter of December 20, 2000, from Senator Diane Feinstein of California.,

¹⁷See letter of February 28, 2001, from Senator Diane Feinstein of California.

¹⁸San Diego Gas & Electric Co. et al., 95 FERC ¶ 61,418 (2001).

Commission has the authority to "investigate nonjurisdictional sales of nonjurisdictional companies."¹⁹ The FPA section 311 authority includes authorization to secure information concerning "the cost of generation." Since natural gas is used in many generating plants to produce the electricity, the cost of natural gas is obviously a crucial element in any investigation of the cost of generating electricity. Thus, in the current situation, FPA section 311 is another basis for the Commission's authority to issue the reporting requirement.

The Commission recognizes that in one decision by the Ninth Circuit Court of Appeals describing the more extensive language of FPA section 311, there is language that commenters contend is inconsistent with the Commission's action here. In Union Oil Company of California v. FPC,²⁰ the court addressed a challenge to a Commission order seeking detailed information from large natural gas producers making interstate sales of natural gas, and thus at that time subject to the Commission's NGA jurisdiction. The questions asked about all their natural gas reserves, including reserves solely for intrastate, non-jurisdictional sales. Producers argued that the NGA does not provide authority for the collection of intrastate reserve data. The court agreed with the Commission's argument that obtaining intrastate data from producers subject to the Commission's jurisdiction was necessary for its determination of proper policies and rates with respect to interstate commerce in natural gas. In discussing FPA section 311, the court stated that the NGA "limits the gathering of intrastate data to gathering it from companies falling under the Commission's jurisdiction." Id. at 1039. The court noted that the Commission had not proposed to seek information from non-jurisdictional producers. The court's statement about the Commission's information gathering authority was only dicta since the Commission had not sought to collect information from non-jurisdictional producers and thus the issue of the Commission's authority to do so was not presented to the court.

In any event, this case is distinguishable. Union Oil involved an ongoing reporting requirement which was to be in effect for an indefinite period, and the reporting requirement was not tied to investigating any particular problem. Here, the reporting requirement is to be in effect for only a limited period of time and, as discussed above, is intended to gather information to assist the Commission in determining what action it should take or propose to Congress about a specific problem. Moreover, in this case, the Commission invokes the authority of FPA section 311, which the Union Oil court held does authorize data collection from entities outside the Commission's jurisdiction. Accordingly, the Commission finds that it is authorized to request the information from all entities.

2. Reporting Period

¹⁹Continental Oil Co. v. FPC, 519 F.2d 31 at 34 (5th Cir. 1975).

²⁰ 542 F.2d 1036 (9th Cir. 1976).

The May 18 order proposed to require submission of the information on a quarterly basis, within thirty days after the end of the quarter. The order did not indicate any termination date for the reporting period. Many of the comments urge the Commission to limit the reporting to a defined period of time.

As explained above, the purpose of the reporting requirement is to enable the Commission to determine what action, if any, it should take with respect to the California natural gas price disparity. The Commission requires the information to address the current problem, and it is not intended to be an ongoing reporting requirement. Given the emergency nature of this issue, and as explained above, its relation to wholesale electric price mitigation in California, the Commission is seeking emergency processing by the Office of Management and Budget (OMB) for the collection of information under 5 C.F.R. § 1320.13 (2000). Under that procedure, the authority to collect information is initially limited to 180 days. Accordingly, because the Commission requires the information as soon as possible, the Commission will require submission of the information on a monthly basis, to be submitted 30 days after the end of each month, for the six months commencing August 1, 2001 and ending January 31, 2002. This means the first report will be due October 1, 2001 and the last report on March 1, 2002.

Monthly reporting is a change from the quarterly reporting proposed in the May 18 order. Under a quarterly reporting requirement, the first data would not arrive until December 1, 2001. That would not be timely in the emergency circumstances that exist in California.

The Commission also believes the reporting period should cover the same period as the Commission's California electric power mitigation order. Accordingly, the Commission intends to seek approval from OMB to extend the reporting period to September 30, 2002, to coincide with the termination of that order. The Commission does not anticipate that it will require data after September 30, 2002, and thus would end the reporting period on that date. If the Commission should find that an extension beyond that time is necessary, the Commission would give notice of its intention and provide for an appropriate comment period.

3. Confidentiality of Submission

A number of commenters urge that the submission of the requested information that gas sellers are required to report concerning their sales transactions must be accorded confidential treatment and should not be disclosed to the public. They argue that the requested information includes sensitive commercial data such as sales contract terms, identification of buyer, and specific transactions conducted at the California border or within the state. One commenter makes a similar argument about the information that LDCs are required to provide about their gas purchase contracts.

In the May 18 order, the Commission recognized the commercially sensitive nature of much of the information to be submitted by gas sellers concerning their sales transactions. The May 18 order stated that parties furnishing information can request confidential treatment for the information pursuant to

Section 388.112 of the Commission's regulations.²¹ The order did not provide for public disclosure of the information. The order stated that the Commission would aggregate the data submitted and then determine what action, if any, the Commission would take.

Under section 388.112, if a party requests privileged treatment of any material submitted, that material will be placed in a nonpublic file. If public release of that document is sought under the Freedom of Information Act (FOIA), the party submitting the document will be notified of the request and given an opportunity to comment on the request. If the Commission determines to deny the claim of privilege, the submitter will be notified at least five days before public disclosure of the material, together with an explanation why the claim of privilege was denied. If the privilege claim is upheld, and the FOIA requester brings suit to compel disclosure, the Commission will notify the submitter of the suit.

FOIA contains nine exemptions from its general policy of mandating disclosure of government documents. The fourth exemption is for:

trade secrets and commercial or financial information obtained from a person and privileged and confidential.²²

Information qualifies as "confidential" under FOIA Exemption 4, if one or more of several conditions is met, one of which is that disclosure is likely "to cause substantial harm to the competitive position of the person from whom the information was obtained."²³ FOIA Exemption 4 is incorporated in the Commission's regulations in section 388.107(d). However, even though certain information may qualify as exempt from mandatory disclosure under FOIA, the Commission can require its disclosure, where the public interest in disclosure outweighs any harm from disclosure, for example because disclosure would significantly aid the Commission in carrying out its statutory responsibilities.²⁴

Certain questions adopted by this order require information about individual sales or purchase transactions. These include Questions 2, 3, and 4 directed to natural gas sellers, and Questions 4 and 8 and that part of Question 7 relating to prices directed to LDCs. For the reasons discussed below, the Commission finds that information about individual transactions provided in response to these questions falls under FOIA Exemption 4 as "trade secrets and commercial or financial information obtained from a

²¹18 CFR § 388.112 (2000).

²²5 U.S.C. § 552(a)(b)(4). This is the fourth of the nine exemptions from mandatory disclosure permitted by FOIA.

²³National Parks and Conservation Association v. Morton, 498 F.2d 765, 770 (D.C. Cir. 1974).

²⁴Pennzoil Co. v. FPC, 534 F.2d 627 (D.C. Cir. 1976).

person and privileged or confidential." The Commission also finds that, in the context of the instant inquiry into the operation of the California natural gas market, the potential competitive harm from public disclosure outweighs any public interest in disclosure of data concerning individual sales transactions. Therefore, the Commission will not disclose information concerning individual transactions obtained in response to the above listed questions. This holding, as discussed below, does not apply to transportation information obtained from pipelines and LDCs.²⁵

The commercial sensitivity of information about individual sales transactions has been addressed in court and Commission rulings. In Continental Oil, the United States Court of Appeals for the Fifth Circuit reviewed a Commission collection of sales data from interstate natural gas companies, including the names of purchasers, dates and locations of sales, pressure bases, annual sales volumes and price terms. The court upheld the Commission's right to that data but vacated the Commission's refusal to keep the data confidential. The court stated:

The likelihood that delivery of these intimate facts would be harmful is apparent.... The compilation and disclosure to petitioners' competitors, purchasers and suppliers of information as to extent of supply and competitive prices in each market area would alter industry custom and existing relationships to the disadvantage of petitioners' competitive positions.²⁶

The same is true here. In Order No. 636, the Commission held that, with the regulatory changes there ordered, the market for the sale of the gas commodity would be competitive.²⁷ The gas purchase and supply data the Commission is requesting, if disclosed to the public, would significantly disadvantage the competitive position of the gas sellers supplying that information. Gas sellers compete not only with each other, but also with other marketers. Competitive injury would thus occur with regard to the gas seller's relationships with its customers. In addition, disclosure could make apparent various proprietary marketing strategies and trade secrets, including how sales transactions are structured. In the highly competitive gas supply environment, such disclosure could cause competitive injury. The information

²⁵To the extent a respondent believes information sought by the other questions should be exempt from disclosure, it may request that the Commission treat that information as privileged pursuant to the procedures in section 388.112 of the Commission's regulations.

²⁶Continental Oil Co. v. FPC, 519 F.2d 31 at 35 (5th Cir. 1975).

²⁷Pipeline Service Obligations and Revisions to Regulations Governing Self-Implementing Transportation under Part 284 of the Commission's Regulations, III FERC Stats & Regs. ¶ 30,939 at 30,437-43 (Order No. 636); III FERC Stats & Regs. ¶ 30,950 at 62,024-25 (Order No. 636-A); 61 FERC ¶ 61,272 at 62,024-5 (Order No. 636-B) (1992); aff'd in relevant part, United States Distribution Companies v. FERC, 88 F.3d 1105 (D.C. Cir. 1996).

furnished is entitled to protection from public disclosure if there is a "likelihood" of competitive injury- there need not be a showing of actual competitive "harm." The individual sales transaction data are proprietary, not only from the perspective of the seller, but also from the buying entity's perspective.²⁸ For example, the data could show the prices a particular gas purchaser is willing to pay.

The Commission also finds that, in this case, there is no overriding public interest in disclosure of information about individual sales transactions. The Commission is seeking information here to understand the operation of the market for gas sales into California, not to investigate the conduct of particular participants in that market. Indeed, many of the sales in question are not subject to the Commission's NGA jurisdiction, and the Commission does not wish to impose more burdensome disclosure requirements on jurisdictional sellers, than on the non-jurisdictional sellers with whom they compete. In these circumstances, the Commission concludes that publication of aggregated information is sufficient to accomplish the purposes for which the Commission is seeking the information.

Accordingly, consistent with the ruling in Continental Oil, the Commission finds exempt from public disclosure the individual sales or purchase transaction data furnished pursuant to Sellers of Natural Gas Questions 2-4, and California LDCs Questions 4 and 8 and that part of Question 7 to relating to prices, adopted by this order. In regard to the LDC questions mentioned above, Sempra Energy Utilities states that the CPUC has found similar information to be exempt from public disclosure, due to its commercially sensitive nature.

On the other hand, the information the Commission is requesting concerning transportation contracts with pipelines, such as capacity release transactions, would not be entitled to privileged treatment because pipelines are required to post that type of information on their web sites. Nevertheless, if privileged treatment is sought with respect to any information submitted, the Commission will follow the procedures of § 388.112, and apply the appropriate principles governing the particular information.

4. General Issues as to Proposed Questions

A number of commenters assert that compilation of the data will be burdensome, and others assert that the data requested is not likely to "tell the whole story."²⁹ Thus, while some commenters

²⁸See Regulation of Natural Gas Pipelines after Partial Wellhead Decontrol, 50 FERC ¶ 61,391 (1990), in which the Commission held that information provided by interstate pipelines about individual settlements resolving their take-or-pay liability under gas purchase contracts was exempt from public disclosure because commercially sensitive.

²⁹See, e.g., Comments of AEC Storage and Hub Service, Inc., and Electric Power Supply Association.

would limit the requested data to the Southern California market,³⁰ others urged the Commission to expand it to cover all 48 states, and require reports for each state identical to that specified for the California market in the May 18 order.³¹ Some commenters contend that to some extent the data to be submitted is duplicative of data being supplied to the Commission in other Commission proceedings,³² and thus is not necessary. Finally, many commenters assert that some questions are ambiguous or not readily answered in the form proposed, and should be clarified.³³

As explained above, the Commission is imposing the reporting requirement to help determine what actions it should take with respect to the substantial disparity that has arisen in the past year between natural gas prices at the California border and in the rest of the country. The relatively high natural gas prices also may be a factor in the extraordinary increases in the cost of electric power in California, since many generators consume natural gas. The Commission recognizes that the reporting requirement will require responders to expend time and manpower. Nevertheless, the data are necessary for the Commission to carry out its regulatory responsibilities with respect to the natural gas market, since the information will help the Commission determine what actions it can and should take to address a problem with serious adverse effect in California. Because of the immediacy of the problem, the Commission has decided to require reporting on a monthly basis, with the first submission due by October 1, 2001.

While some commenters point out that currently prices at the northern California border have decreased to levels approximating those in other areas of the country, the Commission will not narrow the reporting requirement to cover only the southern California market. During much of the last year, prices at the northern California border have been significantly higher than in other areas of the country, and it is not clear whether the current decrease in those prices is temporary. The Commission therefore continues to believe that information must be gathered with respect to the entire California gas market.

However, the Commission will not expand the reporting requirement to cover other areas of the country. While there have been natural gas price increases in the rest of the country, it is only in California that prices have been significantly different from prices elsewhere. As the May 18 order stated, ordinarily in a competitive, seamless national market for natural gas, where gas can flow to wherever it can command the highest price, price disparities between different regions would not be expected to continue for sustained periods of time. Higher prices in one region would cause more sellers

³⁰See, Canadian Association of Petroleum Producers, Alberta Department of Energy and Pacific Gas and Electric Company.

³¹See, National Association of Gas Consumers.

³²See, e.g., Comments of Dynegy Marketing and Trade, Occidental Energy Marketing, Inc.

³³See e.g. Comments of Indicated Shippers, and of Undersigned Producers.

to direct gas towards that region, thereby increasing the supply in that region, which would in turn lower the price in that region and bring it in line with the national average. It is only in California where, contrary to what should occur in a competitive market, significant price disparities as compared to the rest of the country have occurred for sustained periods of time. Therefore, the Commission will limit the reporting requirement to the California market.

Some commenters have suggested that the reporting burden could be reduced (and greater assurance of confidentiality be provided) if respondents were permitted to provide only aggregated data concerning all their sales during a month or a quarter. Also, some commenters suggest that they be permitted to report data in the format in which they currently keep such data, rather than be required to provide data in a standardized format. The Commission does not adopt these suggestions. While the Commission intends to aggregate the data itself, transaction by transaction data is necessary to ensure that the Commission obtains a full picture of how the California market is working and to enable the Commission to verify the accuracy of any aggregated data. The Commission also must have the data filed in a consistent format to enable it to aggregate the data in a meaningful fashion. The Commission, as discussed above, will protect the sensitive nature of the data concerning individual sales transactions.

The Commission recognizes, as argued by some commenters, that some of the information may be in the Commission's possession through other filings, for example the reports pipelines are required to make to the Commission. However, requiring all the information to be filed here in a consistent format is necessary to speed the Commission's analysis of the data, so that it can take any actions indicated by the data promptly.

We shall now address concerns raised with respect to the specific information questions posed to the three different groups (interstate pipelines, sellers of natural gas, and local distribution companies) that serve California natural gas markets. As discussed below, the Commission is revising some of the questions, to address the concerns raised in the comments. In this connection, the May 18 order did not include the specific period for which the questions request data but merely stated "period --- to ---". Consistent with the discussion above limiting the reporting period to six months at least initially, that phrase has been changed to read "August 1, 2001, to January 31, 2002" in each of the questions.

1. Questions to Interstate Natural Gas Pipelines

Proposed Question 1 addressed to interstate pipelines asked that the pipelines provide, on a daily basis starting on August 1, 2001, certain information for each contract for transportation to the California border. The Public Utilities Commission of the State of California (CPUC) urged that this daily information should be provided for the period starting January 1, 1999 through the effective date of the order, with subsequent quarterly reports for future days. The Commission will not require pipelines to supply the information requested in Question 1 for periods before August 1, 2001. The Commission is seeking to minimize the burden of these reporting requirements, consistent with achieving the purpose of the reporting requirement of monitoring what is currently occurring in California to determine what

actions can or should be taken on a prospective basis. For this purpose, detailed information concerning transportation contracts in effect during past periods is unnecessary.

Question 1, as proposed, also requests pipelines to identify the daily volumes scheduled by, and delivered to each shipper for the period August 1, 2001 to January 31, 2002. CPUC asserts that pipelines should also be required to report daily nominated volumes by shipper to provide corroboration on reported information between pipelines and sellers. It also urges that prices should be reported on an \$\$/MMBtu basis, and the term and effective date of each contract should be provided as well.

The Commission agrees with CPUC that daily nominated volumes should be reported to ensure that the Commission can cross-check the information supplied. The Commission will also require that prices be reported on an \$\$/MMBtu basis to ensure consistency of answers, and require the pipeline to report the term and effective date of each contract.

Independent Petroleum Association of America (IPAA) requests that pipelines be required to report what gas actually flowed the previous day. IPAA contends that this information is important because nominated capacity which has not been scheduled or confirmed appears as capacity already used and, as such, effectively takes that capacity off the market. Question 1, as revised by the Commission in response to the CPUC, will provide this information on a contract-by-contract basis for the August 2001 through January 2002 period, since pipelines must report daily nominated, scheduled, and delivered volumes. In addition, in response to IPAA's comment, the Commission is modifying proposed Questions 3(c) and 4(c), which requested each pipeline's "daily scheduled system volume" for the periods August 2001 through January 2002 and May 1999 through May 2000, respectively. As adopted, Questions 3(c) and 4(c) will require each pipeline to report its "daily scheduled and delivered system volume."

2. Questions to Sellers of Natural Gas

Commenters requested a number of clarifications concerning the proposed questions addressed to "Sellers of Natural Gas to the California Market", including what sales are intended to be covered by the proposed questions. The Commission clarifies the questions as discussed below.

Question 1

Proposed Question 1 requires gas sellers to identify any affiliation they have with interstate and intrastate pipelines or LDCs. One commenter³⁴ suggests that sellers should only be required to report affiliations with pipelines and LDCs the seller uses to ship gas to and within California. It asserts sellers into the California market may have affiliations with pipelines and LDCs in other areas of the country

³⁴Comments of PPL.

who perform no business in California and such affiliations are not relevant to Commission's inquiry concerning California gas prices.

The Commission adopts Question 1 as proposed and will require sellers to identify their affiliations with all pipelines and LDCs wherever located. A primary purpose of the reporting requirement is to determine what proportion of sales in California are subject to the Commission's jurisdiction. The Commission has jurisdiction over all sales for resale of domestic gas by gas sellers affiliated with pipelines or LDCs, regardless of where they are located. Therefore, all such affiliations are relevant to the Commission's inquiry.

Scope of Proposed Questions 2 and 5

Proposed Question 2 required sellers to provide certain information concerning "each sales contract under which the gas is physically delivered at or into the California market." Proposed Question 5 required sellers to provide certain information concerning each "gas purchase contract under which the gas is physically delivered at or into the California market."

A number of commenters question the type of sales and purchase contracts that are covered by these questions, namely, whether the Commission is seeking information only regarding sales and purchases when the gas is delivered at the California border or inside California, or whether the questions also cover sales and purchases when deliveries are made at locations outside California, but the gas may ultimately be destined to be delivered to and consumed in California.³⁵

The Commission clarifies that in Question 2 it is only requiring sellers to report information with respect to sales they make when the gas is delivered at points on the California border or within California. When a sales contract requires deliveries at some point outside California, the seller cannot be expected to know in all cases whether the gas is ultimately destined for California. Therefore, the Commission recognizes that sellers making sales in which the deliveries takes place outside California should not be required to report those sales.

Proposed Question 5³⁶ is also addressed only to natural gas sellers who make sales with deliveries at points on the California border or within California. However, proposed Question 5 requires those sellers to report certain information concerning their gas purchase contracts. Since the gas sellers may have purchased the gas sold in sales subject to Question 2 at delivery points outside California, Question 5 is not limited solely to gas purchase contracts with delivery points at the California border or within California. However, it is limited to the gas purchase contracts in which gas sellers

³⁵Comments of Pan Alberta Gas, Ltd., et al., and Indicated Shippers.

³⁶Proposed seller's Question 5 will be Question 4 in the reporting requirement as adopted because, as discussed below, the Commission is eliminating Proposed Question 4.

obtained the gas they sold at points on the California border or within California. The Commission is satisfied that, together, the proposed questions as constituted will yield data that will enable the Commission to obtain a full picture of how sales are currently being made in California, and to determine what action, if any, is required.

Commenters also seek clarification on whether the Commission intends sellers not only to report information regarding the sale, but also to report the details of the transactions in which they acquired the gas being sold.³⁷ Consistent with the above discussion, the Commission will grant the requested clarification. Question 5 is intended to obtain that information.

Question 2

The Commission's proposed Question 2, among other things, requests sellers of natural gas to include in their responses the names of the buyers and whether such entities are energy marketers, local distribution companies, or end users. Several commenters raised a concern about identifying the buyer by name with a suggestion to permit respondents to code buyer identities.³⁸ They claim that this is the most sensitive information sought by the proposed reporting requirements.

The name of the buyer is necessary because without it the Commission will not be in a position to analyze the data, especially where the same gas may be sold a number of times at the California border. The Commission does recognize the commercial sensitivity of a seller's identification of its purchasers. For this reason, as discussed above, the Commission has found that such information is exempt from public disclosure. Thus the concern of the commenters about confidentiality has been addressed because the information is entitled to protection in accordance with the rule in Continental Oil.

The Commission's proposed Question 2, among other things, also requests that sellers of natural gas identify whether the buyer is affiliated with a pipeline. Several commenters assert that sellers do not have access to the buyer's affiliate information and therefore should not be placed in the position of having to research and report the pipeline affiliation or industry "category".³⁹ The Commission agrees, and will grant the requested clarification. Part (e) of proposed Question 2 will be eliminated from the reporting requirements for sellers of natural gas.

El Paso Merchant Energy, LP (Merchant) suggests that the Commission should include collection of data on the financial market as well as the physical market. The Commission believes that, for the purpose that it is instituting the reporting requirement, data is only necessary concerning sales in

³⁷See e.g., Comments of Pan-Alberta Gas, Ltd. et al.

³⁸See e.g., Comments of Sempra Energy Trading Corp.

³⁹See e.g., Comments of Indicated Shippers and Natural Gas Supply Association.

which actual physical deliveries are made at the California border or within California. Therefore, the Commission will not require information about sales where there are no physical deliveries. However, if Merchant wishes to furnish such information covering its own transactions, the Commission would accept such information.

The Commission is also modifying proposed Questions 2 (e) and 5 (e) with respect to the price paid so respondents shall answer "whether the price is fixed or indexed (identify the index)." This makes these questions similar to Question 4 (e) to LDCs which also asks for price information..

Question 3

Proposed Question 3 requires the seller of natural gas to state the transportation component and the gas component of the sales price, and if these are not specifically indicated in the contract, the seller is to provide a valuation of each component, together with an explanation of how that was determined. Some commenters point out that sales contracts typically provide only for a single, overall delivered price. The seller and purchaser never agree on separate prices for the transportation and commodity components. Commenters therefore argued that this question is flawed, since it would require each seller to make an after-the-fact "artificial" and "subjective" valuation of each component since there is no established standard for dividing the delivered price into separate components⁴⁰ and that parties should not be required to "force fit" a delivered price into a transportation and commodity component.⁴¹ Several commenters state that there is the potential for differing responses upon which no meaningful conclusions can be made and that the Commission should clarify how it anticipates the parties to value each component.⁴²

If the seller's sales contract does specify the transportation component of the price, then the seller should report the amount so specified. If the sales contract does not specify the transportation component but only includes an overall price, then the seller should report the transportation cost it incurred in moving the gas from the point where it purchased the gas to the point where it delivered the gas to its buyer and how it determined that amount. If the seller delivered the gas at the same point where it purchased the gas, then there is no transportation element in the sale and the seller should respond "n.a."

Question 4

⁴⁰See, Comments of Dynegy Marketing and Trade.

⁴¹See, Comments of Natural Gas Supply Association.

⁴²See e.g., Comments of Indicated Shippers, Reliant Energy Services, Inc. and Sempra Energy Trading Corp.

The Commission's proposed Question 4 requires that sellers of natural gas provide information concerning their contracts for transportation to the California border, including volumes nominated and volumes scheduled by the pipeline. Several commenters state that they do not maintain nomination and scheduled volume information in their records. They believe that this information is more easily obtained from the pipeline.⁴³

The Commission has determined to eliminate Question 4 in its entirety from the reporting requirements for sellers of natural gas. The questions to interstate pipelines provide the Commission with the same information, and therefore there is no need for a duplicative question to gas sellers.

Question 5

The Commission's proposed Question 5, among other things, requests that sellers of natural gas identify the pipeline associated with a particular gas purchase contract. Sempra Energy Trading Corp. seeks clarification that the Commission intends respondents to identify the interstate pipeline on which gas is shipped either to the California border or to a delivery point within California. Sempra Energy Trading Corp. states that some purchase contracts may specify a single pipeline on which the sales transaction takes place while other gas purchase contracts may indicate more than one pipeline, i.e., the pipeline upstream of the point of delivery and the pipeline downstream of the point of delivery.

The Commission will grant the requested clarification and will require respondents to identify the pipeline upstream of the point where the gas is delivered to them and the pipeline the respondents use to take the gas away from the delivery point responding to Question 5 (b).

Natural Gas Supply Association requests that the Commission clarify Question 5 to determine whether volumes will be reported on a daily or other basis. The Commission will grant the requested clarification and require respondents to report volumes on a daily basis.

The Commission is also adding to proposed Question 5 a requirement that gas sellers identify the entity from whom they purchase the gas under each gas purchase contract.

3. Questions to California LDCs

In order to ensure that there is no misunderstanding, the Commission intends that intrastate pipelines and Hinshaw pipelines should respond to the reporting requirement either as sellers of natural gas, or as LDCs, depending upon which group they fall under.

⁴³See e.g., Comments of Indicated Shippers, and Sempra Energy Trading Corp.

Questions 1 and 2

The Commission's proposed LDC Question 1, among other things, requests that LDCs provide information concerning system gas sales and transportation requirements (i.e., contract demand and daily demands) delineated by core, non-core, electric generation and non-utility loads. Question 1 also requests a breakdown of these loads by type of service (e.g., sales or transportation) and quality of service (firm or interruptible). Proposed Question 2 requests LDCs to provide information concerning each contract they have with transportation customers, including contract demand by shipper, daily scheduled and delivered volumes, whether the service is firm or interruptible, the rate charged, and the receipt and delivery points associated with the contract.

Southern California Gas Company and San Diego Gas & Electric Company (Sempra Utilities) states that daily estimated demand can be provided. However, Sempra Utilities contends that concepts such as "firm" and "interruptible" and "contract demands" for sales and transport are inapplicable to the services currently provided by them and therefore that information is not available. If Sempra Utilities use different terms for the types of services identified in the question such as firm and interruptible, then they should report the required information in the terms they use. To the extent customers do not have contract demands, then Sempra Utilities may respond to questions about contract demands by setting forth any contractual terms that limit a customer's usage.⁴⁴

Question 3

The Commission's proposed Question 3 seeks information on a daily basis concerning each contract the LDC has with a sales customer. The requested information includes contract demand, term, volume and price for each sales contract. The Sempra Utilities state that they do not have individual contracts with their approximately 6 million core customers and that they only meter those core customers on a monthly, rather than a daily, basis. Sempra Utilities suggest that even on a monthly basis, information concerning each individual core customer's consumption would not be useful to the Commission. Sempra Utilities assert that the information to be provided in response to Question 1 should be sufficient for the Commission.

Question 1 requests only that the LDC provide its system's gas sales and transportation requirements solely by customer class and does not ask for information concerning volumes sold or prices charged. Question 3, by contrast, requests information relative to sales contracts with individual customers, including volumes sold and prices charged. The Commission recognizes that the Sempra Utilities do not have contracts with, or daily information concerning consumption by their individual core

⁴⁴The problems incident to the lack of firm service for customers of Sempra Utilities has been evident in a number of Commission proceedings. See, e.g., Kern River Gas Transmission Company, 95 FERC ¶ 61,022 at 61,060-61 (2001).

customers. Therefore, Sempra Utilities may provide the information requested by Question 3 for the core customer class as a whole, without breaking the information down by individual core customer. The Sempra Utilities may also respond to the question concerning contract demands as it relates to core customers by stating "N/A."

Sempra Utilities have not stated that they do not have contracts with the individual customers in their other customer classes, including non-core, electric generation, and non-utility loads. Nor have they stated they do not meter such customers on a daily basis. Therefore, there appears no reason why Sempra Utilities cannot provide all the information requested by Question 3 with respect to all individual customers other than the core customers.

Question 4

Proposed Question 4 asks LDCs for information concerning each of their gas purchase contracts. Included in the information requested is whether the price in each gas purchase contract is fixed or indexed. Sempra Utilities state that the Commission has not requested other gas sellers to provide such information about their gas purchase contracts, and they assert that LDCs should not be required to provide more information than other gas sellers.

The Commission will adopt this question as proposed. In this order the Commission is modifying the questions to gas sellers to require them to state whether the price in their contracts is indexed. Therefore LDCs are not being treated differently with respect to this question.

Question 5

The Commission's proposed Question 5 seeks daily information identifying, by interstate pipeline, the type and quantity of transportation service each LDC system has under contract. Additionally, Question 5 requests that each LDC provide, at each receipt point, maximum peak day design capacity, the daily maximum flowing capacity, and the daily scheduled volumes of the local distribution system.

The Commission is modifying this question to also require respondents to provide daily nominated capacity at each point.

Question 6

The Commission's proposed Question 6 seeks daily storage information including capacity and deliverability rights, daily storage balances, and injections and withdrawals. Question 6 also seeks this

information by each storage facility. The Sempra Utilities state that information is not available by storage field but that it can provide system-wide daily storage balances, injections and withdrawals.

The Commission will grant the requested clarification. Responders can provide the daily storage information on an aggregated basis, without separating the data by storage facility.

Question 7

The Commission's proposed Question 7 requires the California LDCs to provide information on how much of their system's supply was gas supply from intrastate production sources. The question further requires LDCs to identify the source, volume, receipt point and price. The Sempra Utilities state that they can provide the information requested except that they do not have pricing information and therefore cannot provide it.

The question requires information with regard to all gas flowing on the LDCs' system, not only the gas they purchase. The Commission recognizes that the LDCs will not have pricing information for gas that they may transport on behalf of others. However, for gas that the LDCs purchase, they should have pricing information, and that information should be reported. As discussed above, the Commission will treat such pricing information as confidential.

5. Information Collection Statement

The following collection of information has been submitted to the Office of Management and Budget (OMB) for review under § 3507(d) of the Paperwork Reduction Act of 1995, 44 U.S.C. 3507(d) and OMB's emergency processing procedures at 5 CFR 1320.13 (2000). The Commission has requested emergency processing because of the unanticipated events that have occurred in California with respect to natural gas prices that have raised serious concerns.

Estimated Annual Burden:

Data Collection	No. of Respondents	No. of Responses	Hours Per Response	Total Annual Hours
FERC-721	89	534	208	19,847

Total Annual Hours for Collection:

(Reporting + Recordkeeping, (if appropriate))= 19,847

Initial Reports: 178 hours Per respondent for data collection = 15,842 hours
 30 hours Per respondent for utilizing
 Information technology = 2,670 hours
 Sub total = 18,512 hours
 Subsequent reports: 3 hrs. Per respondent = 1,335 hours
 Total = 19,847 hours

Information Collection Costs:

Annualized Capital/Startup Costs	\$ 300,480.00
Annualized Costs (Operations & Maintenance)	\$ 1,933,090.00
Total Annualized Costs	\$ 2,233,570.00
<i>Average cost per respondent</i> = \$ 25,096.00	

OMB's regulations⁴⁵ require it to approve certain information collection requirements, other than those contained in either proposed rules published for public comment in the Federal Register, or in current rules that were published as final rules in the Federal Register. The Commission has submitted as noted above, this information collection to OMB under their emergency processing procedures.

Title: FERC-721, Reporting of Natural Gas Sales to California

Action: Proposed Collection

OMB Control No: 1902- (to be determined)

Respondents: Business or other for profit.

Frequency of Responses: Monthly

Necessity of Information: The information is needed in order for the Commission to acquire a better understanding of how the California natural gas market functions in light of the fact that the price of natural gas in the California market has, for substantial periods, been higher than the price in other markets and trading hubs throughout the country, and because gas-fired electric generators in California are used to establish the market clearing price for electric generation pursuant to the bidding system used by the California Independent System Operator. The information provided so far to the Commission has not been adequate to permit that understanding.

⁴⁵ 5 CFR 1320.10 and 5 CFR 1320.13 (2000)

Internal Review: The Commission has reviewed the requirements pertaining to FERC-721 and determined the proposed information is necessary because the Commission needs to understand the fluctuations that have occurred in the price of natural gas in California, and its variance from the price markets in the rest of the country. The information to be collected will assist the Commission to determine what percentage of the volumes sold into the California market is domestically produced gas sold by marketers affiliated with pipelines and LDC in sales for resales, which are currently the only sales in California that is the subject of the Commission's jurisdiction. The information proposed to be collected will also give the Commission an accurate picture of the overall gas costs being incurred by all purchasers of natural gas moving into the California market.

The requirements conform to the Commission's plan for efficient information collection, communication, and management within the natural gas industry. The Commission has assured itself, by means of internal review, that there is specific, objective support for the burden estimates associated with the information requirements.

For submitting comments concerning the collection of information, please refer to the Commission's Federal Register notice requesting OMB approval under emergency processing procedures. That notice elaborates on where the public should direct comments on the need and practical utility of this information collection, accuracy of the burden estimates, ways to enhance the quality, clarity of the information to be collected, and suggested methods to minimize the respondent's burden.

The Commission orders:

All interstate natural gas pipelines that deliver gas at points on the California border or within California, and sellers of natural gas at points on the California border or within California, and Local Distribution Companies within California are directed to file under oath the information identified in the appendix to this order for the period August 1, 2001, to January 31, 2002, 30 days after the end of each such month in that period.

By the Commission.

(S E A L)

David P. Boergers,
Secretary.

APPENDIX

Answers to all questions below that require a statement of volumes should set forth the requested volumes on an MMBtu basis.

For Interstate Natural Gas Pipelines:

1. On a daily basis for the period August 1, 2001 to January 31, 2002, please provide the following information for each contract for transportation to the California border:
 - a. the transaction or contract identification number;
 - b. the terms and effective date of the contract;
 - c. contract demand by shipper;
 - d. the daily scheduled volume by shipper;
 - e. the daily nominated volume by shipper;
 - f. the daily delivered volume by shipper;
 - g. whether the service is firm or interruptible;
 - h. the rate charged in \$\$/MMbtu;
 - i. primary receipt and delivery points associated with the contract; and,
 - j. whether the shipper is affiliated with the pipeline.

Along with the hard copy response, please provide a CD-ROM containing the response to this question. Please provide this information in Excel version 97 or 2000 or comma separated value (CSV) format.

2. For the period August 1, 2001 to January 31, 2002, please provide the following information for each capacity release transaction for transportation to the California border:
 - a. the transaction or contract identification number, or offer number;
(This number should tie to contract number reported in Question 1,a., above)
 - b. the name of the releasing shipper;
 - c. the name of the acquiring shipper;
 - d. the contract quantity;
 - e. the acquiring shipper's contract rate; and,
 - f. the releasing shipper's contract rate.

Along with the hard copy response, please provide a CD-ROM containing the response to this question. Please provide this information in Excel version 97 or 2000 or comma separated value (CSV) format.

3. On a daily basis for the period August 1, 2001 to January 31, 2002, please provide the following system information:

- a. the maximum peak day design capacity;
- b. the daily maximum flowing capacity;
- c. the daily scheduled system volume;
- d. the daily delivered system volume;
- e. the daily scheduled volume at each California delivery point;
- f. an explanation of each instance that the daily maximum flowing capacity is below the maximum peak day design capacity; and,
- g. an explanation of any daily variance in the maximum flowing capacity.

Along with the hard copy response, please provide a CD-ROM containing the response to this question. Please provide this information in Excel version 97 or 2000 or comma separated value (CSV) format.

4. On a daily basis for May 1999 and May 2000, please provide the following system information:

- a. the maximum peak day design capacity;
- b. the daily maximum flowing capacity;
- c. the daily scheduled system volume;
- d. the daily delivered system volume, and,
- e. the daily scheduled volume at each California delivery point.

Along with the hard copy response, please provide a CD-ROM containing the response to this question. Please provide this information in Excel version 97 or 2000 or comma separated value (CSV) format.

For Sellers of Natural Gas to the California Market:

1. State whether the seller is affiliated with an interstate or intrastate natural gas pipeline company or local distribution company, and, if so, give the name and address the affiliated company.

2. On a daily basis for the period August 1, 2001 to January 31, 2002, please provide the following information for each contract in which you sold natural gas and the gas is physically delivered at points on the California border or in California:

- a. the sales contract's identification number;
- b. the term of the sales contract (beginning and ending dates);
- c. the name of the buyer identifying whether the buyer is an energy marketer, local distribution company, or end user;
- d. the volumes sold (on a MMBtu basis);
- e. the price paid by buyer, and
- f. whether the price is fixed or indexed (identify the index).

Along with the hard copy response, please provide a CD-ROM containing the response to this question. Please provide this information in Excel version 97 or 2000 or comma separated value (CSV) format.

3. For each sales contract, identify separately the transportation component and the gas commodity component of the price. If the sales contract specifies the transportation component of the price, the seller shall report that amount. If the sales contract only includes an overall price, then the seller shall report the transportation cost it incurred in moving the gas from the point where it purchased the gas to the point where it sold the gas and how it determined that amount. If the sale was made at the same point where the gas was purchased, and there is no transportation element in the sale, the seller shall respond "n.a."

Along with the hard copy response, please provide a CD-ROM containing the response to this question. Please provide this information in Excel version 97 or 2000 or comma separated value (CSV) format.

4. For the period August 1, 2001 to January 31, 2002, please provide the following information on a daily basis for each of your gas purchase contracts associated with the sales contracts you identified in response to Question 2:
 - a. the purchase contract's identification number;
 - b. the pipeline upstream of the point of delivery; and the pipeline downstream of the point of delivery;
 - c. the term of the purchase contract (beginning and ending dates);
 - d. the daily volumes (on a MMBtu basis) purchased;
 - e. the price paid;
 - f. whether the price is fixed or indexed (identify the index),
 - g. identify the entity from whom the responder purchased the gas; and,
 - h. identify the point where responder took title to the gas.

Along with the hard copy response, please provide a CD-ROM containing the response to this question. Please provide this information in Excel version 97 or 2000 or comma separated value (CSV) format.

For Local Distribution Companies In California:

1. Provide your system's gas sales and transportation requirements, (i.e, contract demands and daily demands) by core, non-core, electric generation, and non-utility loads. Provide a break down of these demands by type of service (e.g., sales and transportation) and quality of service(firm/interruptible).

Along with the hard copy response, please provide a CD-ROM containing the response to this question. Please provide this information in Excel version 97 or 2000 or comma separated value (CSV) format.

2. On a daily basis for the period August 1, 2001 to January 31, 2002, please provide the following information for each contract the local distribution company has with a transportation customer:
 - a. contract demand by shipper;
 - b. the daily scheduled volume by shipper;
 - c. the daily delivered volume by shipper;
 - d. whether the service is firm or interruptible;
 - e. the rate charged; and,
 - f. receipt and delivery points associated with the contract.

Along with the hard copy response, please provide a CD-ROM containing the response to this question. Please provide this information in Excel version 97 or 2000 or comma separated value (CSV) format.

3. On a daily basis for the period August 1, 2001 to January 31, 2002, please provide the following information for each contract the local distribution company has with a sales customer:
 - a. the contract demand by purchaser;
 - b. the term of the sales contract (beginning and ending dates);
 - c. the volumes (on a MMBtu basis) sold; and,
 - d. the price paid by purchaser.

Along with the hard copy response, please provide a CD-ROM containing the response to this question. Please provide this information in Excel version 97 or 2000 or comma separated value (CSV) format.

4. On a daily basis for the period August 1, 2001 to January 31, 2002, please provide the following information for each gas purchase contract:
 - a. the purchase contract's identification number;
 - b. the term of the purchase contract (beginning and ending dates);
 - c. the volumes (on a MMBtu basis) bought;
 - d. the price paid;
 - e. whether the price is fixed or indexed (identify the index); and,
 - f. identify the point where (name of local distribution company) took title to the gas.

Along with the hard copy response, please provide a CD-ROM containing the response to this question. Please provide this information in Excel version 97 or 2000 or comma separated value (CSV) format.

5. On a daily basis for the period August 1, 2001 to January 31, 2002, please provide by interstate pipeline the type and quantity of transportation service your system has under contract. At each receipt point, provide maximum peak day design capacity, the daily maximum flowing capacity, the daily nominated capacity and the daily scheduled volumes of the local distribution system.

Along with the hard copy response, please provide a CD-ROM containing the response to this question. Please provide this information in Excel version 97 or 2000 or comma separated value (CSV) format.

6. On a daily basis for the period August 1, 2001 to January 31, 2002, please provide on a system-wide basis your storage service rights i.e., capacity and deliverability rights. Additionally, provide daily storage balances, injections and withdrawals.

Along with the hard copy response, please provide a CD-ROM containing the response to this question. Please provide this information in Excel version 97 or 2000 or comma separated value (CSV) format.

7. On a daily basis for the period August 1, 2001 to January 31, 2002, please provide how much of your system's gas supply was from intrastate production sources. Separately identify the sources, volumes, receipt points, and prices. Include the total system supply in your response.

Along with the hard copy response, please provide a CD-ROM containing the response to this question. Please provide this information in Excel version 97 or 2000 or comma separated value (CSV) format.

8. Provide a summary of your system's gas purchases in the following categories:
 - a. daily spot purchases;
 - b. monthly;
 - c. short-term (more than 1 month and less than 1 year);
 - d. medium-term (1-3 years); and,
 - e. long-term (more than 3 years).

by month for each of the last three years in the following format:

- a. price;
- b. volume; and,

- c. identify, by name, where these purchases were made (producing basin or at the California border).

Along with the hard copy response, please provide a CD-ROM containing the response to this question. Please provide this information in Excel version 97 or 2000 or comma separated value (CSV) format.

THE DATA TEMPLATE FOR INTERSTATE PIPELINES - QUESTIONS 1 THROUGH 4 WILL BE AVAILABLE IN PUBLIC REFERENCE AND ALSO ON RIMS.

Attachment

COMMENTERS

AEC STORAGE AND HUB SERVICES

AMERICAN PUBLIC GAS ASSOCIATION

CALIFORNIA ELECTRICITY OVERSIGHT BOARD

THE CANADIAN ASSOCIATION OF PETROLEUM PRODUCERS AND THE
ALBERTA DEPARTMENT OF ENERGY

DUKE ENERGY

DYNERGY MARKETING AND TRADE

ELECTRIC POWER SUPPLY ASSOCIATION

EL PASO MERCHANT ENERGY, L.P.

ENRON NORTH AMERICA CORP. AND ENRON ENERGY SERVICES, INC.

INDEPENDENT PETROLEUM ASSOCIATION OF AMERICA

INDICATED SHIPPERS- AERA ENERGY, LLC, AMOCO PRODUCTION COMPANY,
BURLINGTON RESOURCES OIL & GAS COMPANY LP,
CONOCO INC., CORAL ENERGY RESOURCES LLC, MARATHON OIL,
TEXACO NATURAL GAS INC.

NATIONAL ASSOCIATION OF GAS CONSUMERS

THE NATURAL GAS SUPPLY ASSOCIATION

NEVADA ATTORNEY GENERAL'S BUREAU OF CONSUMER PROTECTION

OCCIDENTAL ENERGY MARKETING

PACIFIC GAS AND ELECTRIC COMPANY

PAN-ALBERTA GAS LTD., PAN-ALBERTA GAS (U.S.) INC., MIRANT AMERICAS
ENERGY MARKETING CANADA, LTD., AND MIRANT AMERICAS ENERGY
MARKETING, LP.

PG&E NATIONAL ENERGY GROUP COMPANIES

PPL ENERGYPLUS, LLC

PROCESS GAS CONSUMERS GROUP, THE AMERICAN IRON AND STEEL INSTITUTE,
THE GEORGIA INDUSTRIAL GROUP, AMERICAN FOREST AND PAPER
ASSOCIATION AND UNITED STATES GYPSUM COMPANY

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

NORTHWEST INDUSTRIAL GAS USERS

RELIANT ENERGY SERVICES, INC.

SEMPRA ENERGY TRADING CORP.

SOUTHERN CALIFORNIA GAS COMPANY
AND SAN DIEGO GAS & ELECTRIC COMPANY

TRACTABEL POWER, INC. and TRACTABEL ENERGY MARKETING, INC.

TXU ENERGY TRADING COMPANY

UNDERSIGNED PRODUCERS-EXXON MOBIL CORPORATION, CONOCO INC.,
AND CHEVRON U.S.A. INC

THE WILLIAMS COMPANIES, INC.